

A photograph of a historic building, likely a chateau or manor house, featuring a steep, multi-colored tiled roof in shades of red, yellow, and black. The building has light-colored stone walls and a balcony with a wooden railing. The text 'THE BURGUNDY tide' is overlaid on the image.

THE BURGUNDY tide

A disastrous year for first growth Bordeaux sees Burgundy's DRC cement itself at the top of our power list – a testament to its resilience and the region's popularity in Asia, writes **Patrick Schmitt**

Liv-ex Power 100 (1-10)

Source: Liv-ex.com

Wine	Region	Rank 2012	Rank 2011	Total Score	Liv-ex trade	Critics' score	Av. price Sept '12 (£)	Price change	Production (cases)	Production weighted (£)
DRC	Burgundy	1	5	124	2.32%	95.07	16,341	-1.39%	7,310	119,455,272
Pontet Canet	Bordeaux	2	9	143	2.99%	96.31	941	7.37%	21,000	19,765,200
Pavie	Bordeaux	3	21	147	2.88%	95.90	1,650	5.55%	7,500	12,375,000
Krug, Brut	Champagne	4	34	159	0.19%	96.25	1,574	8.00%	15,000	23,613,000
Montrose	Bordeaux	5	20	159	2.69%	95.10	1,050	8.36%	16,667	17,507,017
Petrus	Bordeaux	6	6	168	2.11%	96.10	18,629	-9.43%	3,000	55,886,400
Screaming Eagle	California	7	new	173	0.14%	96.50	16,533	0.03%	650	10,746,450
Latour	Bordeaux	8	4	174	9.28%	96.04	6,930	-12.10%	14,600	101,178,000
Lafite Rothschild	Bordeaux	9	1	182	14.39%	96.52	6,380	-31.76%	17,500	111,643,000
Le Pin	Bordeaux	10	49	184	1.02%	95.20	13,101	-1.19%	575	7,533,305

ONCE MORE, *the drinks business* has engaged Liv-ex – the global marketplace for the fine wine trade – to assess the world's most powerful fine wine brands. And although each year yields different results, 2012's survey is a marked departure from the usual Bordeaux-dominant list. Notably, a quick scan over the tables attests to the rising demand for Burgundy. With the region's superbrands littering 2012's rankings like plastic cups after a pop concert, this year's power list confirms the Asian collector's thirst for famous growers along the Côte d'Or. News that the annual Hospices de Beaune charity auction recently raised a record €6m (£4.86m) – 12% from Asian buyers, only provides further evidence of this trend.

Nevertheless, the boost to Burgundy is not the only development. As the following pages highlight, Right Bank Bordeaux also seems to be performing well. Benefiting from high scores, scarcity, and, in the case of Pavie and Angélus, an upgrade in the St-Émilion reclassification, this area is seemingly en vogue.

But perhaps more notable is the decline in power of the first growths. An increasing sense that these brands, particularly Lafite, are too costly in proportion to their peers has led to a significant price drop on the secondary market – a trend also witnessed among their second labels.

Meanwhile, demand has shifted towards lesser and cheaper châteaux deemed capable of making first growth quality wine.

Such interest has also extended into fine wine power brands from outside Bordeaux, particularly Italian regions Tuscany, and Piedmont, as well as the Northern Rhône, and Champagne.

The search for value has encouraged collectors to look more broadly

In essence, the search for value has encouraged collectors to look more broadly.

Finally, there's a bolt from blue this year: newcomer Clos Fourtet is 2012's top performer in terms of price appreciation.

But, before analysing the results in detail, it should be noted for those new to this list, that *db* and Liv-ex have worked together on this project for the last seven years with the objective of ranking the

Feature findings

- ▶ Domaine de la Romanée-Conti has taken top spot in this year's survey, proving the brand's resilience in tougher economic times and the popularity of Burgundy in Asia.
- ▶ The first growths have sustained significant price declines over the year, led by Lafite.
- ▶ Perfect scoring Right Bank Bordeaux has enjoyed some increased trading and price appreciation.
- ▶ A general search for value has driven trade in lesser châteaux and fine wine brands from outside Bordeaux.
- ▶ Italy appears increasingly en vogue in the Far East, led by top Super Tuscan brands and a handful of Piedmont producers.
- ▶ Champagne continues to shine, aided by a run of great vintages and widespread merchant support.

Liv-ex Power 100 (11-40)

Source: Liv-ex.com

Wine	Region	Rank 2012	Rank 2011	Total Score	Price change
Guigal E	Rhône	11	32	187	15.01%
Masseto	Tuscany	12	51	192	5.18%
Haut-Brion	Bordeaux	13	3	192	-14.14%
Sassicaia	Tuscany	14	27	194	4.19%
Ponsot	Burgundy	15	new	199	-0.59%
Mouton Rothschild	Bordeaux	16	2	202	-18.47%
Margaux	Bordeaux	17	7	204	-17.09%
Yquem	Bordeaux	18	24	207	-18.70%
Mission Haut-Brion	Bordeaux	19	10	209	-9.00%
Ornellaia	Tuscany	20	35	217	6.97%
Cos d'Estournel	Bordeaux	21	19	217	-0.27%
Penfolds	South Australia	22	11	224	-2.00%
Angélus	Bordeaux	23	15	228	-0.96%
Cheval Blanc	Bordeaux	24	7	229	-14.57%
Ausone	Bordeaux	25	23	232	-10.53%
Léoville Poyferré	Bordeaux	26	26	235	3.11%
Salon Mesnil	Champagne	27	31	235	7.22%
Rousseau A	Burgundy	28	53	237	22.43%
Roumier G	Burgundy	29	new	241	6.84%
Pichon Baron	Bordeaux	30	22	244	-1.01%
Ducru-Beaucaillou	Bordeaux	31	14	247	-6.14%
Taittinger	Champagne	32	new	247	0.08%
Comte Vogüé	Burgundy	33	40	250	-2.56%
Opus One	California	34	25	255	7.57%
Dom Pérignon	Champagne	35	38	263	6.38%
Sauzet E	Burgundy	36	55	263	7.87%
Cathiard S	Burgundy	36	new	263	4.09%
Boillot H	Burgundy	38	new	265	0.42%
Leroy	Burgundy	39	46	268	-2.05%
Clinet	Bordeaux	40	new	281	22.07%

and so they have less power in the market now. Two years ago it was all about the firsts, now they are one of many."

Essentially, DRC shows greater stability through tough times, so when Bordeaux has a bad year, DRC retains its strength. Drawing advantage from consistent high prices as well as relatively large volumes, it comes second only to Dom Pérignon in terms of weighted production.

**Two years ago it was
all about the firsts,
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of many**

world's leading vinous labels using a range of criteria which, when combined, gauge brand power.

Although some measures are chosen to assess longer term performance, such as scores and average prices over the last five vintages, others are selected to assess current popularity, for example, price appreciation in the last 12 months, as well as quantity traded over the same period. Average production is also incorporated – because the perfect fine wine brand is both widely available, as well as pricey and high-scoring.

Importantly, the outcome of such extensive statistical analysis gives a compelling annual reflection of the trends in the fine wine market.

FIRSTS PLAY SECOND-FIDDLE

Starting at the top, it should be stressed that this year's most powerful fine wine brand – Domaine de la Romanée-Conti – lends greater support to the notion that Burgundies are the new darling of the fine wine trade.

Described in last year's survey as "the ultimate rich man's wine", DRC has moved from fifth place in 2011 to its number one slot this year. Why? Interestingly, it has benefited less from rising prices – its 12-month performance is essentially flat – but from the first growth's fall from favour – Lafite, Mouton, Haut-Brion and Latour sat above it last year. As Jack Hibberd, head of data and research at Liv-ex says: "The key thing is that the firsts have fallen in price

In fact, DRC amounts to just over 7,000 cases in total, even if its most expensive variant, Romanée-Conti, accounts for just 500 of those.

Notably, the last time the Liv-ex Power 100 saw DRC top the table was in 2008 – a survey that reflected the fine wine market correction after the Lehman crash.

But to focus further on the firsts, Lafite is the worst performing wine in the survey, that is, after its second wine, Carruades de Lafite, once described in this report as the market's most overpriced label. But while Carruades has



Parker's 'Magical 20'

Angéhus
 Brane-Cantenac
 Clos Fourtet
 Cos D'Estournel
 Haut-Bailly
 La Conseillante
 La Fleur-Pétrus
 Le Gay
 Léoville Las Cases
 Léoville Poyferré
 Lynch-Bages
 Malescot St-Exupéry
 Palmer
 Pape Clément
 Pichon-Baron
 Pichon-Lalande
 Pontet-Canet,
 Rauzan-Ségla
 Smith Haut Lafitte
 Trotanoy

2009 Parker perfects

Beauséjour-Duffau
 Bellevue Mondotte
 Clinet
 Clos Fourtet
 Cos d'Estournel
 Ducru-Beaucaillou
 Haut-Brion
 La Mission Haut-Brion
 La Mondotte
 Latour
 Le Pin
 Leoville-Poyferré
 L'Evangile
 Montrose
 Pape Clément Blanc
 Pavie
 Pétrus
 Pontet-Canet
 Smith Haut Lafitte

dropped from 12th to 68th place in the table, Lafite is still within the top 10. "It's no longer on everyone's lips," says Hibberd, "But the fact it's still within the top 10 shows it has lots of power." Indeed, it's still top of the chart in terms of volume traded on Liv-ex, while it's the highest scoring first growth (on average) and the greatest in terms of weighted production.

Nevertheless, this year, Latour has overtaken it. Interestingly, while the first growths have seen price declines of up to a 60% depending on the vintage, Latour has been least-affected of the five, with an average performance drop of 12% (compared to over 30% for Lafite). Of course it never benefited from the sudden must-have status of Lafite in Asia, and to a lesser extent Mouton, but there's

Fine wine market trends: the merchants' views

LUKE ROBERTSON, SALES, WINE NETWORKS

Former sommelier Luke Robertson sells primarily Bordeaux for the Korean-owned Wine Networks, with offices in London, Seoul and China. Agreeing with the overriding trends, such as the growing interest in Champagne and Burgundy, he also notes a resurgence in demand for first growth Bordeaux, along with their second wines. "It's definitely a buyer's market – the prices have been plummeting but we've seen a turnaround since September, and there is a lot more interest in the market now." He also points out that his customers are buying in larger quantities: "Not just one to two cases here and there, but five- to 10-case parcels." Other than the firsts, he lists Montrose, the Léovilles and Pichons as good Bordeaux performers. More generally, he states: "People are looking for value across the board, and interesting wines."

TOM STOPFORD SACKVILLE, MANAGING DIRECTOR, GOEDHUIS & CO

Stopford Sackville is based in Hong Kong, and like others stresses the fine wine market comeback following a low point in the summer this year. He says good value brands from Bordeaux are leading the comeback – name-checking Lynch-Bages, Pontet-Canet and Léoville-Barton. "Bordeaux is still king in this part of the world," he says of Hong Kong and China. He also records "plenty of pent-up demand for Burgundy," and adds: "Demand and interest in wine is broadening." For this reason, he comments: "I'm a great believer in the Super Tuscans, for instance, Sassicaia is not far off first growth quality and selling at £1,100 to £1,200 a case." As for the firsts, Lafite in a weaker recent vintage such as 2002 is "sellable" at the £4,900 to £5,000 case mark. Margaux and Mouton he adds are "tightening the gap," while Haut-Brion he describes as "a bit friendless... but I'm sure that it will have its day in the sun."

Liv-ex Power 100 (41-70)

Source: Liv-ex.com

Wine	Region	Rank 2012	Rank 2011	Total Score	Price change
Dominus	California	41	39	282	3.12%
JL Chave	Rhône	42	96	283	31.91%
Leflaive	Burgundy	43	28	284	1.32%
Bollinger	Champagne	44	new	287	-1.67%
Haut-Brion Blanc	Bordeaux	45	37	287	-6.41%
Conterno G	Piedmont	46	new	288	0.89%
Léoville Las Cases	Bordeaux	47	13	293	-13.14%
Palmer	Bordeaux	47	40	293	-6.83%
L. Roederer Cristal	Champagne	49	58	294	-3.88%
Henschke	S. Australia	50	100	298	5.64%
Lafleur	Bordeaux	51	54	300	-7.72%
Tua Rita	Tuscany	52	new	304	-0.71%
Tignanello	Tuscany	53	50	308	5.88%
Chapoutier	Rhône	54	91	308	3.24%
Vieux Château Certan	Bordeaux	55	64	317	-5.23%
Clos Fourtet	Bordeaux	55	new	317	34.26%
Smith Haut Lafitte	Bordeaux	57	77	319	25.23%
Évangile	Bordeaux	58	56	322	2.29%
Laville Haut-Brion	Bordeaux	59	new	329	-0.23%
Mondotte	Bordeaux	59	94	329	13.29%
Troplong Mondot	Bordeaux	61	74	337	0.41%
Torbreck	S. Australia	62	new	339	8.34%
Fourrier	Burgundy	63	71	341	0.32%
J Faiveley	Burgundy	64	new	346	4.54%
Lynch-Bages	Bordeaux	65	18	348	-11.13%
Solaia	Tuscany	66	62	353	-11.77%
L'Eglise-Clinet	Bordeaux	67	47	354	-8.41%
Carruades de Lafite	Bordeaux	68	12	364	-41.92%
Trotanoy	Bordeaux	69	65	366	-6.90%

a sense Latour has retained much of its strength because it's the first growth favourite among the trade.

"Latour has not been hit as hard," says Simon Staples of Berry Bros & Rudd, "and it's considered more often than not the best [of the first growths].... Latour is less likely to be dumped."

Restricted supply has also helped – Latour's owner, François Pinault has been gradually reducing the amount released en primeur since he bought the property in 1993, and although the impact of the château's decision to withdraw entirely from the futures market will not be seen until next year, the announcement earlier in 2012 precipitated an increase in trading.

Bordeaux has 'tarnished' its reputation in the Far East with ambitious en primeur pricing in the last two campaigns

ASIAN FORTUNES

Like the past dominance of the first growths at the top of the table, their slide is dictated by Asian tastes. Indeed, Staples suggests that Bordeaux has "tarnished" its reputation in the Far East with ambitious en primeur pricing in the last two

campaigns – 2010 was deemed too expensive, and 2011 not cheap enough. He illustrates this with Berry Bros & Rudd sales figures. While the merchant took £110m on the 2009 campaign, 30% of which came from Hong Kong-based customers, in 2010 it took £67m with 5% of demand from the same city. Then, with 2011 Bordeaux, the total dropped to £32m, with just 1.5% of sales coming from Hong Kong. And just as Lafite's rise to prominence in Asia was clouded by speculation, there's no single reason for its fall from favour. Staples says his customers are put off by tales of fake Lafite on the Mainland, while others blame economic and political uncertainty in the run-up to the five-yearly Chinese National Party Congress. A further possible factor is the reduction of excessive spending by government officials on luxury goods, a significant source of sales for fine wine and super-premium spirits. In any case, Staples believes the market for fine wine on the Mainland is exaggerated: "China never happened and won't unless they drop the tax down to 10%." Stressing that Chinese residents buy their wine tax-free in Hong Kong and take a couple of bottles back to the Mainland on each journey to avoid the punitive taxation, he states: "That's not a market, it's smuggling."

Liv-ex Power 100 (71-100)

Source: Liv-ex.com

Wine	Region	Rank 2012	Rank 2011	Total Score	Price change
Voerzio R	Piedmont	69	new	366	-5.43%
Fleur Pétrus	Bordeaux	71	33	369	-6.63%
Raveneau	Burgundy	72	94	370	-0.20%
Gaja A	Piedmont	72	63	370	4.96%
Bouchard P&F	Burgundy	74	47	372	-8.45%
Beauséjour Duffau	Bordeaux	75	new	379	23.82%
Forts Latour	Bordeaux	76	16	380	-26.08%
Clos Papes	Rhône	76	88	380	-1.79%
Calon Ségur	Bordeaux	78	69	385	1.85%
L Jadot	Burgundy	79	new	398	-4.58%
Lascombes	Bordeaux	80	43	400	-3.90%
Pichon Lalande	Bordeaux	81	30	401	-11.19%
Haut-Bailly	Bordeaux	82	59	412	-2.72%
Duhart-Milon	Bordeaux	83	17	415	-28.35%
Figeac	Bordeaux	84	new	415	-2.74%
Pol Roger, Cuvée Churchill	Champagne	85	new	427	-0.20%
Péby Faugères	Bordeaux	86	new	429	5.09%
Gruaud Larose	Bordeaux	87	78	430	1.08%
Beaucastel	Rhône	88	83	433	-7.04%
Chapelle Ausone	Bordeaux	89	new	436	6.89%
Angerville	Burgundy	89	76	436	-5.35%
Conseillante	Bordeaux	91	59	441	-7.03%
Pavillon Rouge	Bordeaux	92	29	443	-25.32%
J Roty	Burgundy	93	new	447	-10.63%
Grand Puy Lacoste	Bordeaux	94	82	452	-4.62%
Clos Tart	Burgundy	95	new	456	-9.34%
Tertre Roteboeuf	Bordeaux	96	new	458	2.78%
Pape Clément	Bordeaux	97	90	460	-12.79%
Fevre, Chablis Clos	Burgundy	97	new	460	-3.06%
Pavie-Macquin	Bordeaux	99	new	463	-0.56%
Lambrays	Burgundy	100	new	464	-0.07%

SUPER SECONDS & FLYING FIFTHS

But to switch to positive trends within Bordeaux, the position of Pontet-Canet in second place is a highly impressive achievement for the fifth-growth château. Justin Gibbs, director at Liv-ex comments: "It looks extraordinary up there at number two, but worthy, and what stands out is that it remains possibly undervalued. It's the cheapest wine in the top 25, and the third best ranking in Bordeaux – it's only outscored by Ausone and Lafite – and yet it's 84th in terms of price." Adding to the praise for this property, Hibberd says: "It's the superbrand that every wine collector has in their cellar and there isn't a wine writer in the world that doesn't think Pontet-Canet is good."

Pavie is no longer a bad boy, but firmly part of the establishment

It's also part of a trend which began to emerge last year – as the firsts and their second labels began to lose lustre, the so-called super seconds and flying fifths have picked up. In particular, it's Parker's Magical 20 which have hogged the limelight – those wines featured by the famous critic at last year's Wine Future conference in Hong Kong, and described as making wine of "first growth quality" (see the box on page 77).

Interestingly, many of this year's strong Bordeaux performers are on this list, but not Montrose, which has shot into the top 10. Nevertheless, this château was awarded a perfect score by Parker for its 2009 vintage (see list of Parker Perfects on page 77). "Montrose and Pontet-Canet are solid drinking wines – they are affordable and high quality, and now have 100-point scores in 2009, which has a massive impact," explains Gibbs.

Another standout performer this year is Pavie, now in third place. Profiting from both a perfect score in 2009 and an upgrade to cru Classé A status in the recent St-Émilion reclassification (along with Angélus to join Cheval Blanc and Ausone), Pavie is now, officially, a Right Bank first growth – according to Hibberd. "It's no longer a bad boy, but firmly part of the establishment, and we do a lot of trade on Pavie." Continuing he adds: "In a year like this when there is volatility, you need consistency – a good brand, a good price and a good score."



BURGUNDIAN ASCENT

But while Pavie has been gradually working its way up the table, Clos Fourtet is this year's surprise performer. Its sudden surge in price (up 34%) can be attributed to its place on Parker's Magical 20 list, along with its 100 point score in 2009, and a general move from collectors towards top Right Bank performers following the fall in first growth prices. Other high performers this year, Smith Haut Lafitte, Beauséjour and Mondotte, are also 100-pointers in 2009 – attesting to the sustained power of Parker.

Undoubtedly however, the Bordeaux focus of fine wine trading has declined. "Bordeaux was 95% of all trades on Liv-ex last year and now it's 85%," says Hibberd of Liv-ex. "That has opened up lots of space in the fine wine sector, which

Pontet-Canet is only outscored by Ausone and Lafite – and yet it's 84th in terms of price

has been filled by Burgundy and Italy." The former, believes Hibberd's colleague Gibbs, is benefiting from a current buzz in the Far East. "The Asian market works on trends – what's hot and what's not," he explains. And just as demand historically centred on Lafite and then broadened into other Bordeaux superbrands, Asia was focused on DRC, but is now looking at other growers, particularly Ponsot, Rousseau, Roumier and Comte Vogüé. Meanwhile, white Burgundy in Japan is "huge" according to Staples of Berry Bros & Rudd.

A further reason for Burgundy's success in this year's survey is the "great run" of vintages enjoyed by the region. Bordeaux in this survey has suffered somewhat by the loss of 2005, as the figures cover the last five vintages released for each region. That meant 2005 to 2010 last year, incorporating three of Bordeaux's most iconic harvests, but this time it was 2006 to 2011, meaning the majority of the five ('06, '07, '11) were weaker in terms of scores, prices and demand.

Beyond Burgundy, Italy is enjoying merchant hype, good vintages and strong fine wine brands with high scores, such as Sassicaia, Ornellaia and Masseto, along with Tua Rita. In essence, Gibbs stresses the diversification of demand into brand leaders from other regions, whether that's Italy's Super Tuscans, top Piedmont producers, or star performers from the Rhône, Burgundy, or California. "Guigal, Rousseau, Screaming Eagle and Sassicaia are the first growths of their regions," he says.

RISE OF THE FIZZ

Among the other general trends from this year's survey is the strong performance from leading Champagne brands. Merchants are declaring the likes of Krug, Dom Pérignon and Cristal good value relative to the likes of top grower Burgundy or Right Bank Bordeaux. And pushing hard on the recent run of first-rate vintages from Champagne, the region has attracted a new audience of fine wine collectors. Meanwhile Gibbs points out: "It delivers a consistent five to 10% return [on investment] because it's pretty much drunk the moment it's released, and fairly recession proof."

As previous *drinks business* analysis has shown, Champagne has avoided the peaks and troughs seen from blue chip still wine brands but has shown a slow

Fine wine market trends: the merchants' views

GILES BURKE-GAFFNEY, BUYER DIRECTOR, JUSTERINI & BROOKS

"The market has picked up slowly in September and more in October," says Giles Burke-Gaffney. Sales of Burgundy, Italy, and the Rhône "all seem to be booming again," he adds, while Bordeaux is "warming up a bit". In the latter region he stresses the demand for undervalued vintages with some maturity, such as 2001 and 2004, as well as "good châteaux which are fairly priced."

Burgundy "keeps rolling on" he says, and limited supply is forcing customers to broaden their outlook. "2010 being a small vintage, 2011 not big and 2012 tiny, people will be branching out... demand is increasing every year and the crops are getting smaller."

Notably he says that Barolo is "going from strength to strength... and not just the spectacular vintages like 2007 or 2004." He also records "a demand almost like never before" for Champagne, particularly for the "great cuvées" such as Krug vintage. "The year ahead looks rosy," he concludes.

GARETH BIRCHLEY, BUYER, BORDEAUX INDEX

"Top quality Champagnes have flown out the door," records Birchley. This he ascribes to his belief that they "are such good value compared to Bordeaux and there has been a great patch of vintages, such as '02 and '04." In terms of Burgundy, he says: "Rousseau is the hottest at the moment," because "the wines are as good as DRC." He also records strong Burgundy en primeur sales. "Burgundy's en primeur model is successful because the lead times are short – you buy in January/February and the wines are delivered in September/October, and they are more approachable young. It's not like Bordeaux where you buy in May, the wine is delivered two years later and you can't look at it for five to seven years."

Overall, Birchley witnesses a comeback in the market: "People were looking for things that were more low-risk, that were only going to go one way, but we think the market has bottomed out and people are starting to pile in again at the high end." Summarising he says: "If you buy the best you won't go far wrong."

Italy is benefiting from merchant hype, good vintages and high scores

and steady increase in price over the last decade. The market for Champagne has also broadened. "It used to be just Krug, Cristal and Dom Pérignon, but this year we've traded a lot of Taittinger and Bollinger," says Gibbs, noting in particular the success of Taittinger's Comtes de Champagne 2002 vintage launch.

So what about the year ahead? It's widely believed that the diversification in demand will continue, as new fine wine consumers search more broadly,

Top 10 new entrants

Screaming Eagle
Ponsot
Roumier
Taittinger
Cathiard S
Boillot H
Clnet
Bollinger
Conterno
Tua Rita
Clos Fourtet

These newcomers show the growing strength of Burgundy, Champagne, Italy and Right Bank Bordeaux.

Top 10: trade on Liv-ex (%)

Lafite-Rothschild	14.39*
Latour	9.28%
Mouton-Rothschild	8.96%
Margaux	5.08%
Haut-Brion	4.55%
Yquem	3.11%
Cos d'Estournel	3.01%
Pontet Canet	2.99%
Pavie	2.88%
Montrose	2.69%

*Down from 23.82% last year

encouraged by supply limitations in certain top labels – particularly in Burgundy. Of the areas currently performing well, it's believed that Champagne's gradual price increases won't cease, while Italy's star will continue to rise, and in terms of brands, Bordeaux's standout performer Pontet-Canet is still deemed to be undervalued.

Fine wine market trends: the merchants' views

SIMON STAPLES, SALES AND MARKETING DIRECTOR, BERRY BROS & RUDD

Staples believes that the fine wine market hit its low point in late summer this year, and records gradual price increases in Bordeaux's "smaller wines" such as Grand Puy Lacoste and Haut-Bailly, as well as flying fifths Pontet-Canet and Lynch-Bages. Speaking of the price corrections seen in the market, he advises investors to retain their stock. "It's happened four times in the last 12 years, and it comes back and exceeds – so hold on."

Meanwhile, Burgundy he says "is huge" in Asia because it's seen as "sophisticated – it shows you know more about wine". Whatever the fine wine region, Staples stresses that the best-selling wines sit in the price band £240 to £750 a case. "£1,200 cases are not selling, it's the middle ground that people want." He also observes: "Piedmont is a buzzword – people want Barolos." For next year's Bordeaux en primeur campaign he warns: "They'll have to do something radical with 2012 to get the market interested again."

MARK ROSS, SALES DIRECTOR, FARR VINTNERS

Ross describes 2012 as a "very difficult year" and the merchant has "seen prices for wine generally and especially Bordeaux fall quite significantly". He records a gradual comeback in demand in the last three months ensuring prices "have stopped falling". He advises buying brands that "have fallen considerably in value and have the potential to go up again – which could be any of the first growths or super seconds, among others." At the moment he says Farr Vintners has been "selling a lot more drinking wine", recommending Château Lagrange, and he has witnessed a diversification of demand from Bordeaux into Burgundy, and Italy in particular.

However, he concludes: "I think there is this perception that there is better value to be had elsewhere, but that is not necessarily the case – there is still great value to be had in Bordeaux."

Château Lafite-Rothschild



Top 10: Price change (2011-12)

Clos Fourtet	34.26%
JL Chave	31.91%
Smith Haut-Lafitte	25.23%
Beauséjour-Duffau	23.82%
Rousseau A	22.43%
Clinet	22.07%
Guigal	15.01%
Mondotte	13.29%
Montrose	8.36%
Krug	8.00%

Top 10: Weighted production

Dom Pérignon	£149,670,000	(150,000 cases)
DRC	£119,455,272	(7,310 cases)
Lafite-Rothschild	£111,643,000	(17,500 cases)
Mouton-Rothschild	£109,070,000	(25,000 cases)
Latour	£101,178,000	(14,600 cases)
Margaux	£75,946,962	(16,666 cases)
Pétrus	£55,886,400	(300 cases)
Taittinger	£55,085,000	(45,000 cases)
Haut-Brion	£48,070,000	(11,000 cases)
Louis Roederer	£45,402,000§	(30,000 cases)

Merchants are also bullish about Burgundy en primeur next year, believing Asian collectors will begin to buy the top brands on first release to secure allocations of their new-found loves, particularly considering the small quantities produced in the 2011 vintage (and an even smaller amounts this year).

Then there are the first growths. The likes of Lafite and Mouton have fallen, it's felt, as far as they can. As Hibberd points out: "You are now seeing an off-vintage first growth at £250 a bottle, and at that price you wouldn't feel guilty drinking it... My guess is that we are a long way down the road of the first growth

Champagne delivers a consistent five to 10 percent return because it's pretty much drunk the moment it's released, and is fairly recession proof



Top 10: Critics' score

Henschke	98.25
Torbreck	98.00
Screaming Eagle	96.50
Conterno G	97.16
Ausone	97.12
Yquem	97.00
Masseto	96.62
Lafite-Rothschild	96.52
Dominus	96.40
Haut-Brion Blanc	96.32
(Pontet-Canet = 11th place with 96.31)	

Top 10: Average price

Pétrus	£18,629
Screaming Eagle	£16,533
DRC	£16,341
Le Pin	£13,101
Leroy	£13,098
Ausone	£7,676
Latour	£6,930
Lafite-Rothschild	£6,380
Haut-Brion Blanc	£6,013
Lafleur	£5,980

Liv-ex Power 100: Methodology

A list of all trades on the Liv-ex Fine Wine Exchange from the last year (August to August) were generated, and from that we identified a basket of 180 brands. These were then ranked in order of how much monetary value total trade had occurred on the exchange in the last year (Ranking 1).

Where the brand is a grower, we then identified a basket of their most famous wines, which we used for all subsequent calculations. We also identified the five most recent vintages for each wine available in the marketplace. For Bordeaux, the vintages used were 2006-2011. For other regions this was done on an individual basis.

We then calculated the average score from Robert Parker for each brand for the last five vintages available in the marketplace, and ranked them from highest to lowest (Ranking 2). Where no Parker score was available we used scores from *The Wine Spectator*. For Burgundy wines Allen Meadows' (*Burghound*) scores were used.

We calculated the current average best price based on merchants' price lists for each brand for the last five vintages (Ranking 3).

To measure performance, we calculated the average case price for each wine a year ago and compared it to its current price. We also modified the vintages used to ensure we were comparing like with like. The bigger the price increase, the higher the ranking (Ranking 4).

We then multiplied the current average price with an average production figure to get a production-weighted average price and ranked the brands according to this (Ranking 5).

Finally, we totalled up the rank number of each brand for all five components to get a score, the lower the score, the higher ranked the wine.

Where wines have the same score, the wine that scores better in the most categories is ranked higher.

correction, and this time next year we will be seeing positive numbers against those brands, pushing them back up the chart."

Certainly Lucas Robertson from Korean-owned Wine Networks, one of the largest buyers of Bordeaux worldwide, when asked for the focus of demand for his customers, tipped the first growths.

"There is a definite resurgence in demand of the first growths in lesser vintages and for Lafite in all vintages."

In short, a sense the price declines have now been stemmed and confidence is creeping back into the trade can only mean one thing: it's a buyer's market. **db**



Château Pontet-Canet